

CUMI INTERNATIONAL LTD

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2024

CUMI INTERNATIONAL LTD

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2024

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CUMI INTERNATIONAL LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Rodoula Malikidou
Christos Mavrelis
Maria Theofilou
Sergey Petrosyan
Pundi Srinivasan Raghavan

Company Secretary:

Cyproservus Co. Ltd

Independent Auditors:

P. Constantinou & Co Ltd
Certified Public Accountants
Corner of Charalambou Fteroudi & Tiranoktonon
Agios Athanasios 4104
Limassol
Cyprus

Registered office:

284 Arch. Makarou III Ave.
Fortuna Court, 2nd Floor
3105 Limassol
Cyprus

Registration number:

HE201407

CUMI INTERNATIONAL LTD

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 March 2024.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, is that of an investment company and granting of loans to its subsidiaries.

Review of current position, future developments and performance of the Company's business

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

Results

The Company's results for the year are set out on page 7.

Dividends

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 March 2024 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 March 2024.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditors

The Independent Auditors, P. Constantinou & Co Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Rodoula Malikidou
Director

Limassol, 18 April 2024



P. CONSTANTINOU & CO LTD

AUDIT • TAX • CONSULTING

Corner of Charalambou Fteroudi & Tiranoktonon,
Agios Athanasios 4104, Limassol, Cyprus
P.O. Box 57186, 3313 Limassol, Cyprus

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www.pconstantinou.com

Independent Auditor's Report

To the Members of Cumi International Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the parent company Cumi International Ltd (the "Company"), which are presented in pages 7 to 19 and comprise the statement of financial position as at 31 March 2024, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company Cumi International Ltd as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of comprehensive income in pages 20 to 22, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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Independent Auditor's Report (continued)

To the Members of Cumi International Ltd

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113 and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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Independent Auditor's Report (continued)

To the Members of Cumi International Ltd

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.



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Independent Auditor's Report (continued)

To the Members of Cumi International Ltd

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Panayiotis M. Constantinou
Certified Public Accountant and Registered Auditor
for and on behalf of
P. Constantinou & Co Ltd
Certified Public Accountants

Limassol, 18 April 2024

CUMI INTERNATIONAL LTD

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2024

	Note	1/4/2023- 31/3/2024 US\$	1/4/2022- 31/3/2023 US\$
Dividend income		4.886.835	6.100.732
Administration expenses		(512.952)	(1.699.577)
Net impairment loss on subsidiary		-	(1.974.749)
Operating profit	8	4.373.883	2.426.406
Net finance costs	9	(543.331)	(224.160)
Profit before tax		3.830.552	2.202.246
Tax	10	(733.025)	(931.137)
Net profit for the year		3.097.527	1.271.109
Other comprehensive income		-	-
Total comprehensive income for the year		3.097.527	1.271.109

The notes on pages 11 to 19 form an integral part of these financial statements.

CUMI INTERNATIONAL LTD

STATEMENT OF FINANCIAL POSITION

31 March 2024

	Note	31/03/2024 US\$	31/03/2023 US\$
ASSETS			
Non-current assets			
Investments in subsidiaries	11	<u>145.307.237</u>	142.192.747
		<u>145.307.237</u>	142.192.747
Current assets			
Receivables	13	-	4.187.708
Loans receivable	12	4.797.127	4.555.572
Cash and cash equivalents	14	<u>7.018.969</u>	3.087.002
		<u>11.816.096</u>	11.830.282
Total assets		<u>157.123.333</u>	<u>154.023.029</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	40.437.406	40.437.406
Share premium		91.106.429	91.106.429
Retained earnings		<u>25.449.444</u>	22.351.917
Total equity		<u>156.993.279</u>	<u>153.895.752</u>
Current liabilities			
Trade and other payables	16	130.054	111.250
Current tax liabilities	17	-	16.027
		<u>130.054</u>	127.277
Total equity and liabilities		<u>157.123.333</u>	<u>154.023.029</u>

On 18 April 2024 the Board of Directors of Cumi International Ltd authorised these financial statements for issue.


.....
Rodoula Malikidou
Director

.....
Christos Mavrelis
Director

The notes on pages 11 to 19 form an integral part of these financial statements.

CUMI INTERNATIONAL LTD

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2024

	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
Balance at 1 April 2022		38.837.406	83.106.429	21.080.808	143.024.643
Comprehensive income					
Net profit for the year		-	-	1.271.109	1.271.109
Transactions with owners					
Issue of share capital	15	1.600.000	8.000.000	-	9.600.000
Balance at 31 March 2023/ 1 April 2023		40.437.406	91.106.429	22.351.917	153.895.752
Comprehensive income					
Net profit for the year		-	-	3.097.527	3.097.527
Balance at 31 March 2024		40.437.406	91.106.429	25.449.444	156.993.279

The notes on pages 11 to 19 form an integral part of these financial statements.

CUMI INTERNATIONAL LTD

CASH FLOW STATEMENT

Year ended 31 March 2024

	Note	1/4/2023- 31/3/2024 US\$	1/4/2022- 31/3/2023 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3.830.552	2.202.246
Adjustments for:			
Unrealised exchange loss		-	188
Impairment charge - investments in subsidiaries	11	-	1.974.749
Dividend income		(4.886.835)	(6.100.732)
Interest income	9	(277.608)	(193.855)
		(1.333.891)	(2.117.404)
Changes in working capital:			
Decrease in receivables		4.223.761	1.169.439
Increase/(Decrease) in trade and other payables		18.804	(74.837)
Cash generated from/(used in) operations		2.908.674	(1.022.802)
Dividends received		4.886.835	743.788
Tax paid		(749.052)	(915.110)
Net cash generated from/(used in) operating activities		7.046.457	(1.194.124)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	11	(3.114.490)	(10.701.050)
Loans granted		-	(1.913.237)
Net cash used in investing activities		(3.114.490)	(12.614.287)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	9.600.000
Net cash generated from financing activities		-	9.600.000
Net increase/(decrease) in cash and cash equivalents		3.931.967	(4.208.411)
Cash and cash equivalents at beginning of the year		3.087.002	7.295.413
Cash and cash equivalents at end of the year		7.018.969	3.087.002

The cash and cash equivalents include the following:

	31/03/2024 US\$	31/03/2023 US\$
Cash at bank and in hand (Note 14)	7.018.969	3.087.002
	7.018.969	3.087.002

The notes on pages 11 to 19 form an integral part of these financial statements.

CUMI INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

1. Incorporation and principal activities

Country of incorporation

The Company Cumi International Ltd (the "Company") was incorporated in Cyprus on 7 June 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 284 Arch. Makarou III Ave., Fortuna Court, 2nd Floor, 3105 Limassol, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, is that of an investment company and granting of loans to its subsidiaries.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 4(a) of IFRS10 'Consolidated Financial Statements', has been used. The Company's parent Carborundum Universal Ltd, a Company incorporated/resident in India produced consolidated financial statements available for public use that comply with International Financial Reporting Standards as issued by the IASB.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 April 2023. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Revenue

- **Dividend income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

CUMI INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2024

4. Significant accounting policies (continued)

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Financial assets

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

CUMI INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Recognition and derecognition (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

CUMI INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

4. Significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

6. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk in relation to its loans receivable. Loans receivable issued at variable rates expose the Company to cash flow interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

If debtor/borrower are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the debtor/borrower, taking into account its financial position, past experience and other factors.

These policies enable the Company to reduce its credit risk significantly.

6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

CUMI INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2024

6. Financial risk management (continued)

6.5 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Going concern basis**

Management has made an assessment of the Company's ability to continue as a going concern.

- **Calculation of loss allowance**

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

CUMI INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

7. Critical accounting estimates and judgments (continued)

Critical judgements in applying the Company's accounting policies

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

8. Operating profit

	1/4/2023- 31/3/2024	1/4/2022- 31/3/2023
	US\$	US\$
Operating profit is stated after charging the following items:		
Auditors' remuneration	6.494	6.409

9. Finance income/(costs)

	1/4/2023- 31/3/2024	1/4/2022- 31/3/2023
	US\$	US\$
Interest income	277.608	193.855
Finance income	277.608	193.855
Net foreign exchange losses	(799.187)	(332.019)
Sundry finance expenses	(21.752)	(85.996)
Finance costs	(820.939)	(418.015)
Net finance costs	(543.331)	(224.160)

10. Tax

	1/4/2023- 31/3/2024	1/4/2022- 31/3/2023
	US\$	US\$
Corporation tax	-	16.027
Overseas tax	733.025	915.110
Charge for the year	733.025	931.137

CUMI INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

10. Tax (continued)

The corporation tax rate is 12,5%.

11. Investments in subsidiaries

	2024 US\$	2023 US\$
Balance at 1 April	142.192.747	133.503.939
Additions	3.114.490	10.663.557
Impairment charge	-	(1.974.749)
Balance at 31 March	145.307.237	142.192.747

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
JSC "Volzhosky Abrasive Works"	Russian Federation	Production of abrasive materials	98,0733
Foskor Zirconia Pty Ltd	South Africa	Production of Calcia Stabalizer Zirconia	51
Cumi America Inc.	USA	Sale of Grinding Wheels	100
Cumi Middle East FZE	UAE	Sale of Abrasive Grinding and Scraping Requisites	100
CUMI Europe s.r.o.	Czech Republic	Market the products of Electrominerals, Abrasives Industrial ceramics and Refractories manufactured by entties in CUMI Group	100
CUMI Abrasives and Ceramics Co. Ltd	China	Abrasive materials	100
Cumi Awuko Abrasives GmbH	Germany	Pruduction and sale of Abrasives	100
Rhodium Abrasives GmbH	Germany	Production and sale of Abrasives	100

12. Loans receivable

	31/03/2024 US\$	31/03/2023 US\$
Loans to own subsidiaries (Note 18.2)	4.797.127	4.555.572
	4.797.127	4.555.572

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

CUMI INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

13. Receivables

	31/03/2024	31/03/2023
	US\$	US\$
Receivables from own subsidiaries (Note 18.1)	-	4,187,574
Deposits and prepayments	-	134
	<u>-</u>	<u>4,187,708</u>

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to receivables is reported in note 6 of the financial statements.

14. Cash and cash equivalents

	31/03/2024	31/03/2023
	US\$	US\$
Cash at bank and in hand	<u>7,018,969</u>	<u>3,087,002</u>
	<u>7,018,969</u>	<u>3,087,002</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

15. Share capital

	2024	2024	2023	2023
	Number of	US\$	Number of	US\$
	shares		shares	
Authorised				
Ordinary shares of US\$1 each	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
Issued and fully paid				
Balance at 1 April	40,437,406	40,437,406	38,837,406	38,837,406
Issue of shares	-	-	1,600,000	1,600,000
Balance at 31 March	<u>40,437,406</u>	<u>40,437,406</u>	<u>40,437,406</u>	<u>40,437,406</u>

16. Trade and other payables

	31/03/2024	31/03/2023
	US\$	US\$
Shareholders' current accounts - credit balances (Note 18.3)	9,903	9,903
Accruals	<u>120,151</u>	<u>101,347</u>
	<u>130,054</u>	<u>111,250</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

CUMI INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

17. Current tax liabilities

	31/03/2024	31/03/2023
	US\$	US\$
Corporation tax	-	16.027
	<u>-</u>	<u>16.027</u>

18. Related party transactions

The following transactions were carried out with related parties:

18.1 Receivables from related parties (Note 13)

	31/03/2024	31/03/2023
	US\$	US\$
JSC "Volzhosky Abrasive Works"	-	4.187.574
<u>Nature of transactions</u> Dividends receivable	-	4.187.574
	<u>-</u>	<u>4.187.574</u>

18.2 Loans to related parties (Note 12)

	31/03/2024	31/03/2023
	US\$	US\$
Cumi Awuko Abrasives GmbH	4.797.127	4.555.572
	<u>4.797.127</u>	<u>4.555.572</u>

18.3 Shareholders' current accounts - credit balances (Note 16)

	31/03/2024	31/03/2023
	US\$	US\$
Carborundum Universal Ltd	9.903	9.903
	<u>9.903</u>	<u>9.903</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

19. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2024.

20. Commitments

The Company had no capital or other commitments as at 31 March 2024.

21. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 to 6

CUMI INTERNATIONAL LTD

DETAILED INCOME STATEMENT

Year ended 31 March 2024

	Page	1/4/2023- 31/3/2024 US\$	1/4/2022- 31/3/2023 US\$
Revenue			
Dividend income		4.886.835	6.100.732
Operating expenses			
Administration expenses	21	<u>(512.952)</u>	<u>(1.699.577)</u>
		4.373.883	4.401.155
Other operating expenses			
Impairment charge - investments in subsidiaries		<u>-</u>	<u>(1.974.749)</u>
Operating profit		4.373.883	2.426.406
Finance income	22	277.608	193.855
Finance costs	22	<u>(820.939)</u>	<u>(418.015)</u>
Net profit for the year before tax		<u>3.830.552</u>	<u>2.202.246</u>

CUMI INTERNATIONAL LTD

OPERATING EXPENSES

Year ended 31 March 2024

	1/4/2023- 31/3/2024 US\$	1/4/2022- 31/3/2023 US\$
Administration expenses		
Licenses and taxes	386	-
Municipality taxes	245	201
Telephone and postage	2.569	3.385
Auditors' remuneration	6.494	6.409
Accounting fees	8.244	7.953
Other professional fees	495.014	1.681.629
	<u>512.952</u>	<u>1.699.577</u>

CUMI INTERNATIONAL LTD

FINANCE INCOME/COSTS

Year ended 31 March 2024

	1/4/2023- 31/3/2024 US\$	1/4/2022- 31/3/2023 US\$
Finance income		
Loan interest income	<u>277.608</u>	<u>193.855</u>
	<u>277.608</u>	<u>193.855</u>
Finance costs		
Sundry finance expenses		
Bank charges	21.752	85.996
Net foreign exchange losses		
Realised foreign exchange loss	206.320	27.359
Unrealised foreign exchange loss	<u>592.867</u>	<u>304.660</u>
	<u>820.939</u>	<u>418.015</u>